

Draft FISCAL NOTE FOR NON-CAPITAL PROJECTS

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Legislation Title:

A RESOLUTION concerning the City of Seattle's interest in increasing access to economic opportunity by increasing employment and career ladders for those facing historical barriers to jobs in the construction industry, including women, people of color, and otherwise disadvantaged individuals, particularly those who are also Seattle residents, creating a Construction Careers Advisory Committee to develop a Report with recommendations to the Mayor and City Council on strategies to improve access to construction careers including a targeted hire policy and pipeline and training programs, establishing membership criteria for the Advisory Committee and setting forth a Committee process and schedule.

Summary of the Legislation:

This Resolution establishes an Advisory Committee (Committee) to develop recommendations to the Mayor and City Council that may improve construction career opportunities for women, people of color and otherwise disadvantaged individuals, and in particular those who are also Seattle residents. Disadvantaged is defined in this Resolution as individuals who are economically or socially disadvantaged, such as low income, unemployed, veterans, residents with criminal backgrounds and individuals with limited English proficiency. Seattle resident is defined in the Resolution as those reporting to reside within the City limits.

The Committee will consist of fifteen members to equitably represent the interests important to a successful solution. The members representing each interest may also name one alternate member:

- (5) Contractors (2 General, 2 Minority, 1 Subcontractor)
- (3) Union representatives (Building Trades, Carpenters, and Operating Engineers)
- (3) Coalition/community representatives
- (3) Training or pipeline program providers
- (1) Representative with policy expertise (labor economics or construction workforce research.)

The Committee will be staffed by the Department of Finance and Administration Services (FAS) and committee meetings will be facilitated by a consultant hired by FAS. The Committee will meet from October 2013 through February 2014. Meeting times and frequency will be determined at a later date but it is anticipated the Committee will meet twice a month for five months. The committee recommendations will be submitted in a written report to the Mayor and City Council. The Committee will sunset on March 31, 2014 unless extended by future Council Resolution.

Background:

Please check one of the following:

X **This legislation has financial implications.**

Appropriations

Appropriations are not made by Resolution.

However, this project was unanticipated when FAS submitted their 2013 budget and the Mayor and Council would like the Advisory Committee to be formed and begin work in fall 2013 before the 2014 budget is adopted. Below is an outline of anticipated costs for the Advisory Committee work in 2013 and through early 2014, and an estimate of future costs to implement the most likely recommendations. A summary by FAS is attached as Attachment A to this Fiscal Note.

2013 One Time Costs for the Advisory Committee:

FAS can absorb some costs, but will require an additional \$100,000 in 2013. This additional \$100,000 allows FAS to staff the Advisory Committee, complete the data analysis called for in the Resolution and contract for the Advisory Committee facilitator.

A request to amend the 2013 2nd Quarter Supplemental Budget will be made by City Council for these costs.

2014 One Time Costs for the Advisory Committee

FAS will require an additional \$60,000 for 2014 data analysis work that will further the Advisory Committee work and prepare for implementation, including a labor market analysis, additional payroll data sampling and demographic analysis.

Ongoing Costs 2013 and Beyond

Staffing: Beginning in 2013 FAS needs one new FTE to conduct the work called for in this Resolution, to manage Committee logistics, data compilation, research and analysis. Depending on the Advisory Committee recommendations, this staff person would provide ongoing support and enforcement. For example, demographics are not static and demographic analysis is anticipated to be an ongoing need to develop and support potential program changes. In addition, policies will need to be developed and maintained, forms and boilerplates will be required, and contract language will need to be developed and maintained.

FAS anticipates needing 2 to 3 additional FTEs to provide the ongoing on-site enforcement, monitoring, document verifications, and similar work that will be required for any programs or policies adopted as a result of the Committee's recommendations.

Program Changes

The City may choose to increase their investment in training programs that prepare and help

individuals access construction careers. For illustrative purposes, FAS has estimated costs for an increased City investment in pipeline support programs as one potential strategy the Committee may recommend.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

Please see summary above.

b) What is the financial cost of not implementing the legislation? Seattle has an opportunity to prepare and assist more individuals, particularly those who have historically not been able to access careers in the construction industry such as women, people of color and otherwise disadvantaged individuals, particularly Seattle residents. Providing construction career opportunities will help stabilize workers, neighborhoods and the city's economic base; and reduce the social service costs that result from chronic unemployment and under-employment.

If the supply of new workers is not increased the City may incur increased labor costs due to a limited supply of qualified construction workers during a time of increasing demand. The older workforce is retiring yet no new workers are being systematically developed to backfill the demand for workers. This supply-demand dynamic will likely cause increased labor costs on City construction contracts. Data supports this conclusion; local construction prevailing wage patterns in the past 10 years follow supply/demand patterns.

c) Does this legislation affect any departments besides the originating department?

Yes, FAS

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

An Advisory Committee is being convened specifically to explore alternatives.

e) Is a public hearing required for this legislation? No.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

No.

h) Other Issues:

List attachments to the fiscal note below:

Attachment A: Project Funding Needs as Estimated by FAS